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The President's Daily Brief

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August 12, 1974

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~~Top Secret~~

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THE PRESIDENT'S DAILY BRIEF

August 12, 1974

PRINCIPAL DEVELOPMENTS

The intelligence community has assessed recent fairly high-level communist military activity in South Vietnam and concluded that current evidence does not point to an overall strategy change. The North Vietnamese are not expected to attempt an all-out, countrywide offensive through the end of the year. *(Page 1)*

On the current military scene in South Vietnam, fighting eased in the northern part of the country over the weekend. Communist attacks continued in the central highlands and there has been new activity in the area north of Saigon. *(Page 2)*

Conference sessions over Cyprus this weekend were marked by long delays and a temporary Turkish walkout, but they apparently produced agreement on the exchange of prisoners and the evacuation of Turkish Cypriot enclaves by Greek Cypriot forces. Leaders on both sides said today's session would be "critical." *(Page 3)*

Libyan officials are facilitating a calm and orderly withdrawal of Egyptian personnel, if only to prevent a panicky exodus of the entire Egyptian community. Many of Libya's institutions are dependent on professional and technical personnel from Egypt. *(Page 5)*

Intensified Soviet interest in South Yeman and the recent Soviet-Somali friendship treaty underscore Moscow's eagerness to expand its foothold in the strategic Gulf of Aden region. *(Page 6)*

Six key problems confronting the US on the international scene have been selected for brief discussion at Annex.

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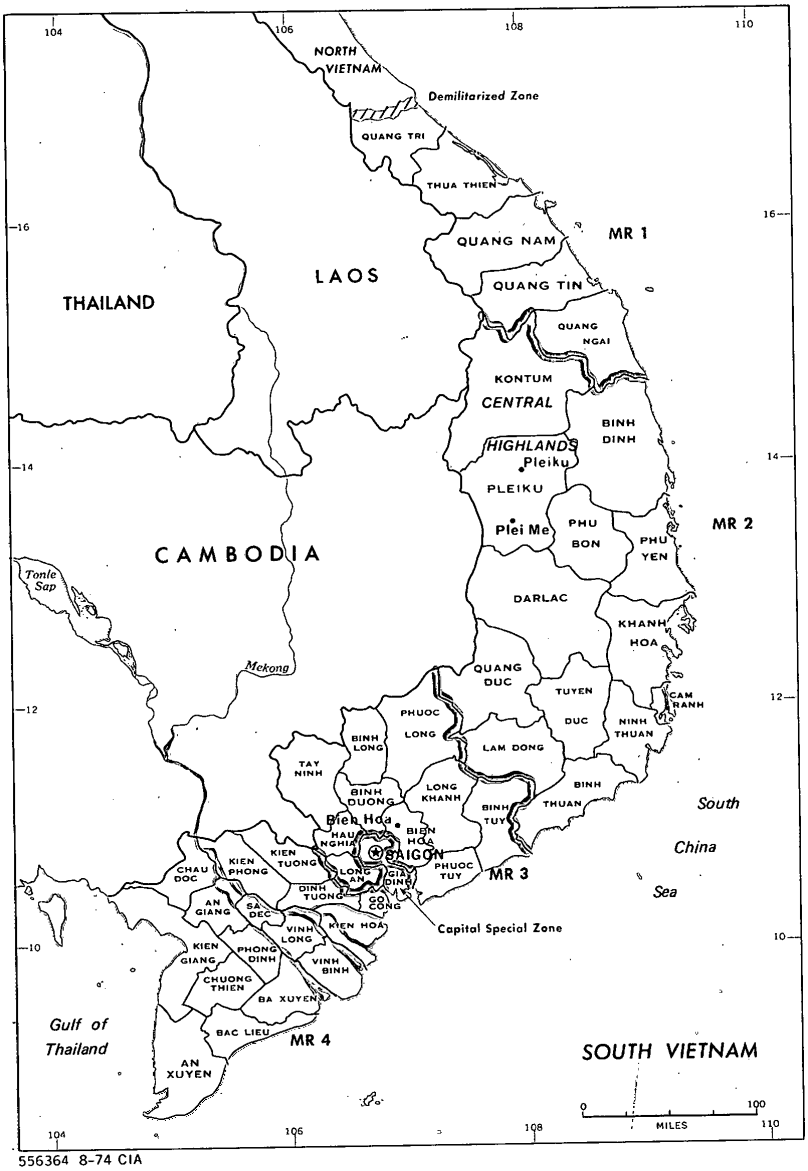

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ASSESSMENT OF THE MILITARY SITUATION IN VIETNAM

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A fairly high level of communist military activity in South Vietnam over the past month has been evaluated by the intelligence community.

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--We do not believe that current evidence portends an overall strategy change, and we do not expect the North Vietnamese to attempt an all-out, countrywide offensive through the end of the year.

--The communists, nevertheless, have been rebuilding their military forces in both North and South Vietnam since the Vietnam settlement agreement of January 1973.

--They clearly are preparing to return to large-scale warfare at some time in the future and now have the capability of launching a major or all-out offensive on relatively short notice--several weeks or so.

--Developments over the past few months have placed South Vietnam in a more vulnerable position. If the North Vietnamese came to believe that the battlefield situation had turned in their favor or that the US was no longer willing to come to Saigon's defense, they might be tempted to undertake heavier military actions and take greater risks to make major gains in South Vietnam.

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VIETNAM

On the current military scene in South Vietnam, fighting eased in the northern part of the country over the weekend. Communist attacks continued in the central highlands and new activity is taking place in the area north of Saigon.

No significant ground action developed in Quang Nam Province, which has been the focal point of heavy communist attacks since mid-July. The communists did maintain pressure against South Vietnamese territorial forces and outposts in the adjacent provinces of Quang Ngai and Quang Tin.

In the central highlands, communist forces kept up intense pressure against the ranger camp at Plei Me and a number of other South Vietnamese fire bases west of Pleiku city. According to intercepted messages, the North Vietnamese 320th Division--the major communist infantry unit in Pleiku Province--is preparing for further action.

Nearer Saigon, communist forces this weekend launched at least 30 122-mm. rockets against Bien Hoa air base. Casualties and damage were light.

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GREECE-TURKEY-CYPRUS

Geneva conference sessions this weekend were marred by long delays and a temporary Turkish walk-out, but they apparently produced agreement on the exchange of prisoners and the evacuation of Turkish Cypriot enclaves by Greek Cypriot forces. Although there seemed to be little progress in solving constitutional issues, Greek and Turkish Cypriot leaders yesterday declared that there was "room for further contact and negotiation." They said today's session would be "critical."

At a stormy session on Saturday evening, Turkish Cypriot representative Denktash officially introduced Turkish demands for abandonment of the 1960 Cyprus constitution, geographical separation of the two communities, and complete local autonomy. Greek Cypriot representative Clerides insisted that the 1960 constitution be retained, and rejected the concept of geographical separation, but he did agree to local autonomy for Turkish Cypriots.

Turkish Prime Minister Ecevit has told the US ambassador that the principles of geographic separation and of a sovereign independent state are non-negotiable. He said that the form of the federal administration and the size of the Turkish sector, however, are negotiable. The Turks have publicly demanded 30 percent of the territory of the island for their communities.

The leaders of the two communities were probably somewhat more flexible in their private discussions. Speaking to US Assistant Secretary of State Hartman earlier, Clerides had said he would tell Denktash that he would consider the concept of a completely autonomous Turkish Cypriot central authority exercising jurisdiction over all Turkish Cypriot communities.

* * *

Britain halted a scheduled withdrawal of troops and planes from its Cyprus bases on Saturday after Turkish officials warned of new fighting unless there was progress at the talks. Greek Cypriot national guard forces began evacuating Turkish Cypriot enclaves Sunday, and plans were under way to begin releasing prisoners. No significant fighting was reported in Cyprus for the third consecutive day.

(continued)

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Top military and political leaders met in Athens and Ankara yesterday, probably to draw up contingency plans in the event of a deadlock in the talks. According to Athens radio, Greek leaders decided to transfer some military units away from the capital to strengthen other units. Some of these may be bound for islands in the Aegean, where they would be in a better position to react to renewed Turkish military action on Cyprus.

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LIBYA-EGYPT

Libyan officials are facilitating a calm and orderly withdrawal of Egyptian personnel, if only to prevent a panicky exodus of the entire Egyptian community. Tripoli apparently has accepted an agreement with Cairo to halt provocative press exchanges and has so far reported the withdrawal in a straightforward fashion. US officials in Tripoli are concerned that when Libya's reaction finally emerges, President Qadhafi may accuse the US of at least collaborating with, if not prompting, Egypt's President Sadat to move against his neighbor. 25X1

Egypt's withdrawal will include all armed forces and advisory personnel [redacted] The Egyptian chargé in Tripoli 25X1 says that some 2,000 military men will depart, a figure in line with US estimates of the size of the Egyptian military mission.

Egyptian civilians working in Libya will remain, but teachers, who virtually run the Libyan educational system, will go home when their contracts expire, and the contracts are being shortened.

Between 150,000 and 200,000 Egyptians hold jobs in Libya. Most are laborers hired by Egyptian contractors. In addition to the important teachers, there are physicians and medical support personnel as well as other professionals and technicians who hold key posts in almost every Libyan ministry.

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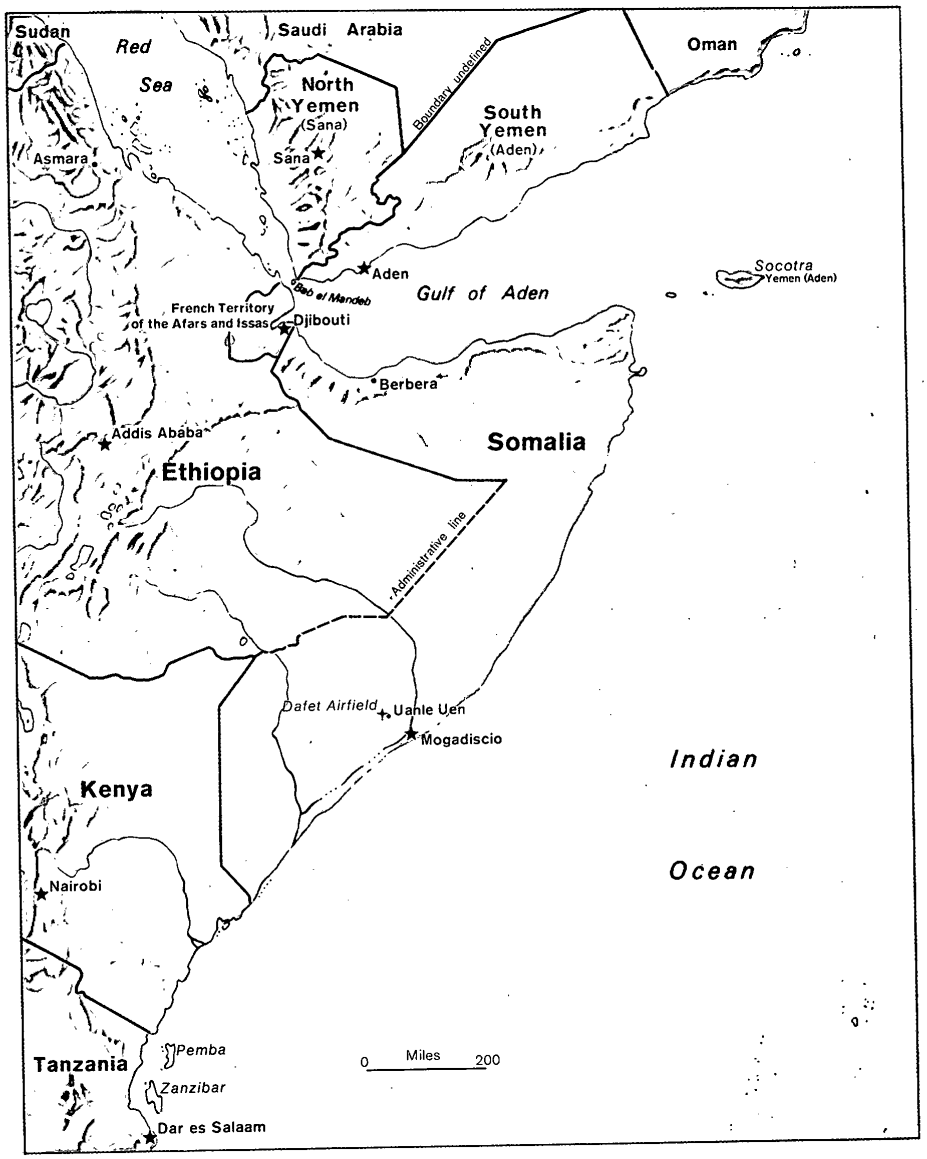

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USSR - SOUTH YEMEN - SOMALIA

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Intensified Soviet interest in South Yemen and the recent Soviet-Somali friendship treaty underscore Moscow's concern to maintain and expand its foothold in the strategic Gulf of Aden region at the southern tip of the Arabian peninsula.

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ANNEX

PROBLEMS AND ISSUES ON THE INTERNATIONAL SCENE

Of all the international problems and issues now facing the United States, six are of a particularly high order of importance.

--The Soviet-US Relationship

The future direction of this relationship--whether we have a world at peace or at war--will inevitably be marked by probing. Both sides will want to ascertain whether acceptable balances can be struck in strategic arms competition and in economic relationships, and whether safeguards can be devised to prevent a dangerous escalation of any conflict or confrontation between the superpowers' third-party clients and allies.

--The Strategic Balance

The USSR is embarked on a major modernization of its strategic offensive forces, particularly ICBMs. The Soviet aim is probably to achieve and maintain equality with the US, but it will take advantage of any opportunity to gain a politically useful margin of superiority. By the early 1980s, the Soviets will probably pass the US in numbers of missile warheads and increase their lead in certain other measures of strategic power. They will be able to pose a major threat to the survival of our Minuteman force. But they will not surpass the US in overall strategic power and--owing in part to weaknesses in Soviet antisubmarine warfare and air defense--they will not be able to neutralize our strategic deterrent.

--The Arab-Israeli Conflict

This deep-seated, historically rooted conflict is probably the most complex and difficult regional problem the US faces today. Should any of the tense and touchy parties involved come to think that the current peace settlement effort is faltering, we could swiftly be faced with the prospect of a fourth round of war in the

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Middle East. As the third round--October 1973--illustrated, when Arab-Israeli fighting breaks out, the US and USSR are inevitably pushed toward confrontation because of the importance of the area and each superpower's network of interests and relationships in it.

--Adjusting to Higher Oil Prices

Without careful and cooperative actions by the governments of the major world economies, the abrupt increase in the price of oil occasioned by recent Arab actions may cause a major slowdown in the growth of output in the oil-consuming countries, an acceleration of the worldwide rate of inflation, disruption of international and national credit markets, and significant dislocations in the pattern and level of world trade. The major problems facing government leadership throughout the developed world are:

--achieving a reduction in the price of oil;

--securing agreement among major oil-consuming nations about how the burden of increased oil prices is to be divided;

--insuring that the international credit market remains sufficiently strong to finance the bulk of the trade deficits of the oil-importing countries; and

--devising some means of financing the oil-related deficits of those less developed nations that have exhausted their capacity to borrow from existing credit institutions.

--Cyprus

Tensions and discord between Christian Greeks and Muslim Turks have inflamed hatreds and caused wars in the eastern Mediterranean for over four centuries. These stresses have now flared sharply on Cyprus. Despite improvements during the past few weeks, the Cyprus situation is still fragile and contains the seeds of armed

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conflict between two members of NATO, Greece and Turkey--a conflict in which the Soviets would be sorely tempted to meddle. Any such Soviet meddling could initiate a chain reaction that could easily result in a grave US-Soviet confrontation.

--Vietnam

Despite the negotiated settlement achieved in January 1973, the Vietnamese Communist Party has not abandoned its goal of acquiring political power in South Vietnam or its willingness to use armed force to that end. Both Vietnamese sides have violated the 1973 accords and the war in Vietnam continues, albeit at a reduced scale and without direct US participation. There is a continuing risk that at some point over the next year or so--perhaps in the near term, if Hanoi construes US political developments as precluding a forceful US response--the North Vietnamese will escalate the current level of military pressure into a major, all-out offensive.

Of the above six problems, the first four are what might be called continuing. The fifth (Cyprus) is easing but still contains explosive potential. The sixth (Vietnam) is latent--from a US perspective--but could easily heat up and confront the US with crucial and difficult choices.

This list of six obviously does not exhaust the catalogue of major issues currently or potentially confronting the US government on the international scene. They are flagged because of their actual or potential impact on vital US interests, and because they could force a decision on the degree of US involvement.

Fuller studies on these problems and on other significant, if less pressing, issues are available to you separately.

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